

Index No :

Two Hours

- ❖ **Answer all questions in this paper itself.**
- ❖ **Write the number of correct answer in the given bracket for the questions No. 1 to 30.**
- ❖ **Write the correct answer on the dotted lines for the questions No. 31 to 50.**

Every question carries 2 marks.

- | A | B |
|--------------------------|------------------------------------|
| X – Agricultural Sector. | 1. Banking, Insurance, real estate |
| | 2. Electricity, gas, water |
| Y – Industrial Sector | 3. Mining and quarrying |
| | 4. Forestry and Timber |
| Z – Service sector | 5. Fishery |
| | 6. Transport and communication |

1. X - 1, 3 Y - 2, 5 Z - 4, 6
2. X - 1, 2 Y - 3, 5 Z - 4, 6
3. X - 4, 5 Y - 2, 3 Z - 1, 6
4. X - 1, 5 Y - 2, 3 Z - 4, 6
5. X - 1, 2 Y - 2, 4 Z - 5, 6

- | | | |
|-------------------------|-------------------------|-----------------------|
| 01. Business activities | 02. Computer technology | 03. Money and Banking |
| 04. Globalization | 05. Market competition | (.....) |

- (A) Central Environment Authority has sealed operations of a factory where an employee had died along with other 3 neighbors who came to save him due to a poisonous gas emission.
- (B) A Japanese car company has invented a robot man which can turn himself to a automatic car with in 60 seconds. The company has become famous worldwide due to this invention.
- (C) Demand for the fuel issued by CEYPECO company has increased as the IOC company has increased the price of fuel recently which had been at an equal price with CEYPETCO for a long period of time.
- (D) A large scale business has stopped purchasing polythene from ABC company due to the awareness programmes conducted by the government regarding the environment pollution happens from plastic and polythene.

- 1

Select the correct answer which matches above.

1. A - 2, B - 4, C - 1, D - 3 2. A - 3, B - 4, C - 1, D - 2
3. A - 1, B - 2, C - 3, D - 4 4. A - 4, B - 2, C - 3, D - 1
5. A - 4, B - 2, C - 1, D - 3 (.....)

04. Select the answer which gives the required terms to fill the blanks.

Criteria	Partnerships	Public limited companies	Government corporations
1. Minimum no of members	2	1	(a)
2. Capital employment	(b)	Share Holders	government
3. Legal personality	No	Yes	(b)
4. Sharing Profit	among partners	(d)	government

1. (a) - 2 (b) - partners (c) - have (d) - government
2. a) - 1 (b) - partners (c) - have (d) - share holders
3. (a) - 50 (b) - partners (c) - no (d) - government
4. (a) - 20 (b) - partners (c) - no (d) - government
5. (a) - 1 (b) - partners (c) - no (d) - share holders (.....)

05. Following are the procedures to follow in order to obtain SLS certification.

- (A) Sample test
- (B) Pre product inspection
- (C) Inspection through an approved committee.
- (D) Presenting application form to the institution
- (E) Giving conditions
- (F) Providing SLS certifications

Select the answer which prepares the above steps in correct order.

1. D, C, B, A, E, F 2. D, B, A, C, E F 3. D, E, A, C, B, F
4. D, B, A, E, C, F 5. A, B, C, E, F, D (.....)

06. Select the correct statement regarding the government department and government companies.

1. The minimum number of members in a government department is one and the minimum of government companies is two.
2. The government departments and government corporations are fully funded by the government.
3. Government departments are managed by the head of those departments and government corporations are managed by a director board appointed by the shareholders.
4. Both government corporations and departments have a legal personality.
5. The liability of both corporations and departments are limited. (.....)

07. Select the answer which includes the essentials of a partnership.
1. Having legal personality, having business activity, having mutual agency, having the profit motive.
 2. Having a partnership agreement, Having mutual agency, Having partnership agreement, Having a continuous existence.
 3. Having two or more persons, Having a partnership agreement, continuous existence, having a business activity.
 4. Mutual agency, Having business activity, Having a partnership agreement.
 5. Having two or more persons, Having an agreement, Having a mutual agency, Having profit motive. (.....)

08. Select the answer which matches the following table.

Types of combinations		Introduction
1.	Horizontal combination	(a) Combination of two companies who are in the same stage of business chain.
2.	Vertical combination	(b) Combination of several business who are in various levels of business chain.
3.	Conglomerate combination	(c) Combination of more companies who engage in various business activities.

1. 1- A, 2- B, 3- C
2. 1- B, 2- A, 3- C
3. 1- C, 2- B, 3- A
4. 1- B, 2- C, 3- A
5. 1- C, 2- B, 3- A (.....)

09. Following are some benefits received from entrepreneurship.

- A Having an opportunity to consume new goods and services.
- B Having higher benefits according to the higher dedications.
- C Having personal financial benefits.
- D Having social status and acceptance
- E Creating new income opportunities.
- F Creating new employments.
- G Utilizing local resources.

Select the answer which includes social economic benefits.

1. A, B, C, E
2. A, C, F, G
3. A, C, D, G
4. A, E, F, G
5. A, D, E, F (.....)

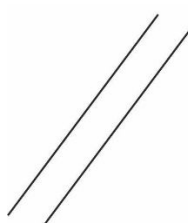
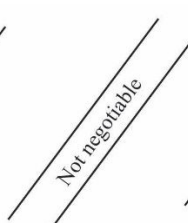
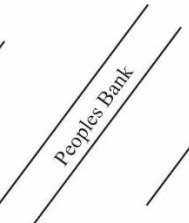
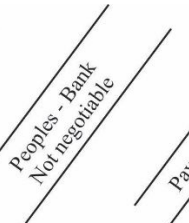
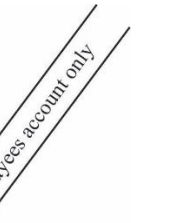
10. Which one of following is a special financial institute.

1. Licensed commercial banks.
2. Insurance Companies
3. Licensed specialized banks.
4. Vanik Banks
5. Registered financial companies (.....)

11. Which one of following is not a task of a financial company.

1. Supplying property on hire purchase basis.
2. Sale of properties and land.
3. Accepting demand deposits.
4. Accepting time deposits
5. Investing in government securities. (.....)

12. What is the crossing that does not allow transferring a cheque.

- | | | | | |
|---|---|---|---|--|
|  |  |  |  |  |
| 1. | 2. | 3. | 4. | 5. |

(.....)

13. Select the answer which includes only the perils that can be covered under fire insurance.

1. Riots and strikes, Theft, electric shocks, earth quacks
2. Riots and strikes , Theft , public liability, Business losses
3. earth quacks , Riots and strikes , explosions, flood
4. Strikes, electric shocks, storms, Riots and strikes
5. Riots and strikes , flood, public liability, Theft

(.....)

14. Sudheera has insured his Rs. 15 lakhs worth vehicle in company A and B at 15 lakhs 10 lakhs respectively. This is called.

- | | | |
|-----------------|------------------------|---------------------|
| 1. Re-insurance | 2. Under writing | 3. Double Insurance |
| 4. Insurance | 5. Liability insurance | |

(.....)

15. The features of transportation should be suitable in order to get the proper use of it. Thus select the answer which includes features of a good transportation method.

- | | |
|---|--------------------------------------|
| 1. safety, cost, accuracy, completeness | 2. Availability, cost, completeness |
| 3. cost, speed, capacity, safety | 4. speed, accuracy, capacity, safety |
| 5. cost, safety, capacity, availability | |

(.....)

16. Managers manage activities of the business according to the principles of management in order to achieve organizational goals. Select the answer which includes principles of management in the correct order.

- | | |
|--|---|
| 1. Planning, Organizing, controlling, leading | 2. Planning , leading, Organizing , controlling |
| 3. Planning, Organizing , leading, controlling | 4. Organizing , Planning , leading, controlling |
| 5. Organizing, leading, Planning , controlling | |

(.....)

17. Which of the following is not a function of operations management.

- | | | |
|--------------------------|--------------------|--------------------------|
| A Prizing | B Distributing | C Production Planning |
| D Research & Development | E Public relations | F Production Controlling |

- | | | | | | |
|--------|--------|--------|--------|--------|---------|
| 1. ABF | 2. ABC | 3. BDE | 4. ABE | 5. CDF | (.....) |
|--------|--------|--------|--------|--------|---------|

18. Marketing concepts changed with the passage of time and which one of following does not include in evolution of marketing.

1. Identifying consumer needs and wants.
2. Serving consumer needs and wants.
3. Producing products with maximum efficiency.
4. Influencing consumer by giving priority to the promotion.
5. Identifying the consumer whose needs and wants have not yet been satisfied.

(.....)

19. Which one of following does not relevant to unit trust.
1. Investment in unit trust should be in Rs. 100 multiplies.
 2. Having a reserve of money collected from investors.
 3. Nominal value of a unit is Rs. 1000/-
 4. Investing the collected money in an investment portfolio
 5. A unit consists of major 3 parties. (.....)
20. Which one of following is not a specific fracture of human resource compared to other resources.
1. Having the ability to control other resources.
 2. It is live
 3. Inability to react
 4. Ability to train
 5. Ability to work in teams. (.....)
21. Which one of following is not a task of data processing process.
1. Selecting data.
 2. Classifying data
 3. Summarizing data
 4. Collecting data
 5. Calculating data (.....)
22. Select the trade bloc relating to Sri Lanka from following.
1. European Union
 2. North America Free Trade Agreement
 3. European Free Trade Agreement
 4. BIMSTEC
 5. ASEYAN (.....)
23. Which one of following is not a classification of information according to the various levels of usage.
1. Management level information systems.
 2. Marketing level information system
 3. Knowledge level information system
 4. Strategic level information systems
 5. Operation level information systems (.....)
24. Which one of following is not a factor that is not considered in calculating future human resource requirements.
1. Future retirements.
 2. Number of employees resigning
 3. Future projects
 4. previous financial reports
 5. Terminations from the jobs. (.....)
25. The management principle which coordinates the physical, human, and financial resources of the organization to achieve the goals and objectives of the business is called as,
1. Planning
 2. Leading
 3. Controlling
 4. Organizing
 5. Management (.....)
26. Select the group which shows the levels of product in the correct order.
1. Basic Product /Core benefit /Expected product / Augmented Product/ Potential Product
 2. Core benefit / Basic Product / Augmented Product / Expected product / Potential Product
 3. Expected product / Core benefit / Basic Product / Augmented Product / Potential Product
 4. Core benefit / Basic Product / Expected product / Augmented Product / Potential Product
 5. Basic Product / Core benefit / Augmented Product / Potential Product / Expected product(.....)
27. Which one of the following is not a function of Human Resource Management.
1. Pay management
 2. Hiring
 3. Recruitment
 4. Induction
 5. Leading strikes (.....)

28. Following are the function in a marketing plan and operations plan

- | | |
|---------------------|-----------------------------------|
| (A) Marketing Plan | 1. Requirements fixed assets |
| | 2. Strategies of competitors |
| | 3. Expected sales expenses |
| | 4. Production layout |
| (B) Operations Plan | 5. Forecasting sales |
| | 6. Technology used |
| | 7. Target market |
| | 8. Stock and raw material control |

Select the answer which matches above correctly.

- | | |
|------------------------------------|------------------------------------|
| 1. A - 2, 3, 5, 8 / B - 1, 4, 6, 7 | 2. A - 2, 3, 5, 7 / B - 1, 4, 6, 8 |
| 3. A - 2, 4, 5, 6 / B - 1, 3, 7, 8 | 4. A - 1, 2, 3, 7 / B - 4, 5, 6, 8 |
| 5. A - 2, 3, 6, 7 / B - 1, 4, 5, 8 | (.....) |

29. Select the group which consists of the features of good money.

1. A medium of exchange / Durability / A store of value / Common acceptance
2. A measure of value / Difficulty in counterfeiting / Durability / Divisibility
3. A medium of exchange / A measure of value / A store of value / Divisibility
4. Durability / Common acceptance / Divisibility / Difficulty in counterfeiting
5. Durability / Common acceptance / A medium of exchange / Difficulty in counterfeiting (.....)

30. When a brand is registered and it has obtained the legality it is called as,

- | | | |
|-----------------|------------------|---------------|
| 1. Trade mark | 2. Brand Logo | 3. Brand Name |
| 4. Family Brand | 5. Brand loyalty | (.....) |

*** Fill in the blanks with suitable words.**

31. (a) The internal party which is needed for the beginning and the existence of the business is called and the external party which needs for the existence of the business is called
- (b) Any business process, which uses internet technology is called
32. (a) Two examples occasions where business operate against the business ethics are and
- (b) The consumer affairs authority has been established under act and the Sri Lanka standard Institution has been established under act.
33. (a) The whole sale who earns a commission by selling goods and services is
- (b) The barriers to free trade can be classified as and
34. (a) Obtaining money by selling the receivable (debtors) can be called as

- (b) Capital leverage ratio can be analyzed under (1)
(2) and (3)
35. Electric bell is a communication method of the organization and it is also a method.
36. Reporting of the results of self-performance to the supervisor and giving reasons if employee has not achieved the expected results is called as (a) and the power relevant to achieve business goals and to share business resources
37. The skills that should be possessed by the top management who sees the organization as a whole can be called as (a) skills and the skills mostly required by the first line managers (b)
38. (a) The method of identifying the problems faced by the colleagues of same profession in discussion method is name as
(b) The process of attracting people for the jobs through advertising and other methods is called
39. (a) Finishing of the materials in the small bin in the two bin method can be identified as an example for level.
(b) The time duration from the point of ordering some stock to the point of receiving them to the business organization's stores is called
40. (a) The bundle of products presented to the market by the marketer is defined as
(b) The combination of the price, quality and services can be identified as

❖ **Write the short answers for followings**

41. Name the organizations which administrate following organizations.
1. Share market
 2. Passengers transport services
 3. Insurance industry
 4. Television channels
42. Name 4 organizations which supply various encouragements to the small business.
1.
 2.
 3.
 4.

43. Name 4 documents used in foreign trade
1. 2.
3. 4.
44. Write the life cycle of a product in the correct order.
1. 2.
3. 4.
45. Name 4 benefits that can be received by a shareholder.
1. 2.
3. 4.
46. Name 4 tools used to control finance in a business organization.
1. 2.
3. 4.
47. Name 4 uses / benefits of Human Resource Planning.
1. 2.
3. 4.
48. Name 4 types of information systems according to the usage.
1.
2.
3.
4.
49. Name 4 types of computer networks according to the way they have been connected.
1.
2.
3.
4.
50. Name 4 matters that should be included in a statement of financial position of a business plan.
1. 2.
3. 4.



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32 E II

Third Term Test - Grade 13 - 2018

Index No :

Business Studies II

Three Hours

Instructions,

Write answers for 5 questions by selecting at least 2 questions from each part A and B

Part A

01. (i) (a) "Even though the business try to obtain profit by bearing risk, the only objective of a business is not profit."
 Do you agree with the above statement? If so give some description regarding the other objectives. (2 marks)
- (b) Name 4 features of objectives. (2 marks)
- (ii) (a) Wants are more important for business than needs. Explain this statement. (2 marks)
- (b) Name 4 reasons for the speedy expansion of e-commerce. (2 marks)
- (iii) (a) What are the expectations of businesses? (2 marks)
- (b) Business environment affect the success or failure of a business highly. Define business environment correctly and show it in a flow chart. (2 marks)
- (iv) (a) Hansi sat for the GCE A/L examination last year. But she could not enter the university. Her father is in abroad and he has decided to open a stationary shop for Hansi at their home premises which is situated in front of the Wayamba University of Sri Lanka. Because they can sell stationary photocopies, project reports etc for university students and lecturers. What are the business environment factors relating to this business? Give your answer with examples through assumptions. (2 marks)
- (b) Do a SWOT analysis in relevant to that business. (2 marks)
- (v) An incident of fraudulent financial activity of a registered financial organization was discussed through media few weeks ago. This incident proves that the business are liable to fulfill social responsibilities. Give 2 matters / reasons to show how a financial company should fulfill its social responsibility to the following parties.
 - Customers
 - Owners
 - Employees
 - Society
 (4 marks)

02. (i) A government uses quantitative and qualitative methods to control the monetary policy of a country.
- (a) Explain quantitative credit controlling and qualitative credit controlling separately. (2 marks)
- (b) What are the effects of qualitative credit control to the businesses? (2 marks)
- (ii) Name and explain 4 consumer responsibilities introduced by Consumer International. (4 marks)
- (iii) (a) Business which have established to fulfill human needs and wants can be classified based on various criteria. Name 4 such criteria. (2 marks)
- (b) Kamal wishes to start a new business and he asks your idea to select a type of business which is suitable to his entrepreneurial skills what are the things to be considered in selecting a suitable type of business. (2 marks)
- (iv) (a) The sectors from 32 to 35 of the companies Act No 07 of 2007 are relevant to the companies limited by guarantee. What is a company limited by guarantee? (2 marks)
- (b) Co-operative is a type of business which has the ability to expand their business activities all over the world. What is a co-operative business? (2 marks)
- (v) (a) There are many similarities between a public limited company and a private limited company. Name 4 such similarities. (2 marks)
- (b) Explain the relationship in between entrepreneurship and economic development. (2 marks)
03. (i) (a) Name 4 essential features for the success of entrepreneurship. (2 marks)
- (b) Name 8 characteristics of an entrepreneur. (2 marks)
- (ii) (a) Name 4 matters to be considered when starting a small business. (2 marks)
- (b) Name 4 differences in between fiat money and bank money. (2 marks)
- (iii) Name and explain the major stages of evolution of the business, from the Barter system up to now. (4 marks)
- (iv) (a) Name 4 advantages to the customer of using a debit card. (2 marks)
- (b) Commercial banks supply various facilities to the businesses. Name and explain 4 of such facilities. (2 marks)
- (v) (a) Explain the 'Insurable Risk' which is defined in Insurance. (2 marks)
- (b) Explain shortly the consequential loss insurance which comes under fire insurance. (2 marks)
04. (i) (a) Explain following insurance policies which relates to cargo insurance.
1. Valued Policy 2. Floating Policy (2 marks)
- (b) Is it sufficient to develop the ways of transportation in order to make the transport service efficient. Give your ideas. (2 marks)
- (ii) (a) Although transportation supports business highly it gives various bad / negative effects to the society under social cost. Explain this statement shortly. (2 marks)

- (b) Internet is the computer network that is covering a wide area. What are the advantages of using internet, to businessman? (2 marks)
- (iii) (a) Who are the main two types of intermediaries who involve in the process of exchanging goods and services. (2 marks)
- (b) Define Re-export and entraport trade separately. (2 marks)
- (iv) Give 4 differences in between local trade and international trade. (4 marks)
- (v) (a) Name 4 difficulties faced by small scale retailers in Sri Lanka. (2 marks)
- (b) Name 4 trade agreements operate internationally. (2 marks)

Part - II

05. (i) (a) A business which utilizes management properly achieves its stated goals successfully by facing various environmental factors. Give 6 reasons for the necessity of management to a business. (2 marks)
- (b) A manager performs various roles in achieving business goals. Following are some of them and name which management role following are related to and explain one of them shortly.
- Figure head
 - Disseminator
 - Leader
 - Entrepreneur (2 marks)
- (ii) (a) A proper organizing gives an energy to achieve organizational goals and objectives. What are the steps or 'Organizing' (2 marks)
- (b) Various quality controlling systems / methods support to measure and correct the results of business operations. Name two controlling methods which are used to minimize the cost and to take the errors or defects to the zero level. Explain one of them shortly. (2 marks)
- (iii) 'Jayalanka' is a famous garment factory which supplied garments to foreign countries for a long period of time. The reasons for the success of this organization were skillful management, skillful board of directors, and operation managers including the supervisors. Classify the managers of this organization under various levels. Explain the management skill which is required equally by all level of managers. (2 marks)
- (iv) (a) What is meant by Research and Development comes under operations management. (2 marks)
- (b) Give reasons for the importance of Research and Development. (2 marks)
- (v) (a) The 'Quality' of a product is a combination of various features of the product. Name those features. (2 marks)
- (b) What are the problems of using new technology. (2 marks)
06. (i) (a) What are the uses of Break Even point. (2 marks)
- (b) What are the things to be considered when calculating the stock levels. (2 marks)

- (ii) Give two accepted definitions of marketing and define marketing with the help of those definitions. (2 marks)
- (iii) (a) What are the 7 variables of service marketing? (2 marks)
 (b) State the marketing mix for foods in customer's view and businesses services? (2 marks)
- (iv) (a) Name the major factors aimed in marketing concept. (2 marks)
 (b) What are the main 4 parts of Holistic marketing approach? (2 marks)
- (v) Following are some details regarding operations of a dynamic business

	Rupees
Opening Stock	20,000
Closing Stock	30,000
Opening debtors	10,000
Closing debtors	30,000
Total Sales	300,000
Current Assets	80,000
Non current assents	320,000
Cost of Sales	200,000
Credit Sales	180,000

- (a) Calculate the sock turnover ratio and debtors turnover ratio using above details. (2 marks)
 (b) Define 'Cash Budject'. (2 marks)
07. (i) (a) Name the sub markets under 'Money Market'? (2 marks)
 (b) Name the sub markets under capital market. (2 marks)
 (ii) Name 4 financial infra-structure facilities which speed up the financial transactions. (4 marks)
 (iii) (a) Explain the difference in between job description and job specification. (2 marks)
 (b) Name the steps of human resource planning in the correct order. (2 marks)
 (iv) (a) Name 4 advantages of internal recruitment. (2 marks)
 (b) Name 4 disadvantages of interview method as a method of selection. (2 marks)
 (v) (a) Explain what is meant by "Induction". (2 marks)
 (b) Explain the employee productivity and show how it is calculated. (2 marks)
08. (i) (a) Name 8 features of good information. (2 marks)
 (b) What are the components of an electronic information system. (2 marks)
 (ii) Define a knowledge works system - KWS and what is the level of that information system. (4 marks)
 (iii) (a) Define Information Technology. (2 marks)
 (b) What is the difference between Local Area Network and Wide Area Network. (2 marks)
 (iv) (a) Name 4 occasions where a business plan is required. (1 marks)
 (b) Define the project summary of a business plan. (3 marks)
 (v) (a) Name 4 matters that should be included in a human resource plan. (2 marks)
 (b) Give 4 benefits of preparing a financial plan. (2 marks)

Third Term Test Grade 13 - 2018 Business Studies - Answer Part I

(01)	- 3	(11)	- 3	(21)	- 4
(02)	- 1	(12)	- 5	(22)	- 4
(03)	- 4	(13)	- 3	(23)	- 2
(04)	- 2	(14)	- 3	(24)	- 4
(05)	- 2	(15)	- 3	(25)	- 4
(06)	- 3	(16)	- 3	(26)	- 4
(07)	- 4	(17)	- 4	(27)	- 5
(08)	- 2	(18)	- 4	(28)	- 2
(09)	- 4	(19)	- 3	(29)	- 4
(10)	- 4	(20)	- 3	(30)	- 1

31. a. Owners, consumers b. Electronic business
32. a. Stealing information from competitors, Misleading advertising, Selling secret information to the businesses.
b. Consumers Affairs Authority Act no of 2003 Sri Lanka Standard Institution act no. 06 of 1984
33. Agent, Tax and non tax
34. a. Debt factoring b.
35. internal, symbols and signals.
36. a. Accountability b. Authority
37. a. Conceptual b. Technological
38. a. Quality circles b. Recruitments
39. a. re - order quantity b. Lead time
40. product mire values
41. Sri Lanka securities and exchange commission
National transportation Board
Sri - Lanka Insurance Board
42. Industrial Development Board. 2. Export Development Board
Sri Lanka Institute of Standards 4. National Development Board
Institute of Industrial and Technology
43. Bill of lading, import entry, export entry, letter of indemnity
44. Product development stage, Introduction stage, Growth stage, maturity stage, Declining stage
45. 1. Dividend 2. Capital gains 3. Allotter 4. Reserve capitalization 5. Right issues
46. 1. Break-even point analysis 2. Financial auditing 3. Budget 4. Account ratio analysis
47. 1. Deciding future employee requirements
2. Minimizing employee cost
3. utilizing human resource efficiently and effectively
4. Planning and implementation of strategic planning
48. Transaction processing system Knowledge work system
Office Automation system Management Information system
Decision support system Executive support system
49. Ring network, star network, bus network, tree network
50. Estimated current assets Non current Assets
Estimated non current liabilities Estimated current liabilities
Estimated capital

Third Term Test - 2018

Grade 13 Answer Part II

01. (i) a. Agreed (1/2 marks)
 even though the major objective of many businesses is to earn profit there are businesses establish of with other objectives like,
 Social welfare Employee welfare Member welfare Market survival
 Expansion of market etc..... (1 1/2 marks)
- b. Specific, Measurable, Achievable, Realistic, Timeliness (2 marks)
- (ii) a. Needs are common to all. Therefore they cannot be promoted. But wants can be changed through promotor. Therefore businesses pay its attention to wards wants to make their businesses successful (2 marks)
- b. Speedy, Ability to enter foreign market, stock can be minimized, Minimum intermediaries low cost, Minimum documentation (2 marks)
- (iii) Vision, mission, Goals/Aims Objectives, Policies (2 marks)
- b. The environment which have the ability of influencing businesses
- Business environment**

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graph TD
    BE[Business environment] --> IE[Internal Environment]
    BE --> EE[External Environment]
    EE --> TE[Task Environment]
    EE --> ME[Macro Environment]
          
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- (iv) a. Internal Environment → Owner → Hansi
 Business Resources → Stationary photocopy machine land
- Task Environment → Customers → University students Lectures
 Competitors → Other Shops doing the same business
- Macro Environment → Political environment → government
 Economic Environment → Changes in price levels (2 marks)
- b. Strengthens → Easy to collect capital Resourcefulness
 Weaknesses → Lack of trained and skillful employs
 Lack of knowledge and experience of the owner
 Opportunities → Easy access to the customers
 Government subsidies.
 Threats → Completion
 Non receiving of materials on time (2 marks)
- (v) Customers → Maintaining of consumers accounts without Any frauds.
 Employees → Making them permanent on time creating a suitable work environment
 Owners → Giving enough return for capital
 Society → Maintaining businesses in an environment friendly manner.
 Launching programs against environment pollution. (4 marks)
02. (i) i. Qualitative credit controlling - Limiting loans for selected fields.
 Quantitative credit controlling - Changing the value of loans. (2 marks)
- b. In qualitative controlling the credits are given to the requires fields to develop them. The fields that should be discord and those businesses become weaken. (2 marks)
- (ii) Critical awareness Active participation Concern over society Environmental concern
 Solidarity (4 marks)

- (iii) a. Ownership of businesses, Nature of businesses, objectives, Amount of capital employed. (2 marks)
 b. Amount of required capital, government subsidies, Long term or short term existence of business, Number of owners. (2 marks)
- (iv) a. Companies which do not issue shares and the liability of members are limited to the guaranteed amount in articles of association. (2 marks)
 b. independent organisation consisting of the voluntarily united members to fulfil all their needs and wants. (2 marks)

- (v) a. Limited liability Registration is compulsory Influence of companies act no of 2007
 Accounting auditing is essential (2 marks)
- b. Increasing the national output due to new innovations
 Contributing to the economic development through generating employments
 Expansion of markets and competitiveness.
 Utilizing local resources and increasing demand.
 Emerging of new businesses support economic development. (2 marks)

03. (i) a. Having good understanding of oneself
 Having business opportunities
 Having an achievable idea.
 Having proper management (2 marks for 4 marks)
- b. Self-confidence, dedication, understanding quick decision making flexibility, motivation, risk management, creativity, positive thinking, Independence, correct vision need of achieving objectives. (2 marks for 8 marks)

- (ii) a. Nature of the market, nature of the product.
 Capital requirement, competition, type of organization, rules and regulations. (2 marks for 4 marks)

- | | |
|---|--|
| <p>b. Fiat money</p> <ol style="list-style-type: none"> 1. 100 % liquidity 2. Issued by CBSL 3. Direct payment facility 4. Common Acceptance | <p>Bank money</p> <p>liquidity is comparatively low
 Issued by commercial banks
 Cheques should be used for payments.
 Accepted by the agreement of both parties.</p> |
|---|--|

- (iii) Usage of materials
 Usage of metals
 Usage of metallic coins
 usage of notes and coins
 usage of bank money
 usage of electronic money (4 marks for 6 explanations) Explanations are needed

- (iv) a. Advantages
01. Transactions are settled through accounts.
 Receiving discounts
 Having a record of the credit cards
 Ability to withdraw money from ATMS
 Minimum risk of transmitting money (2 marks for 4 matters)

- (b) 1. Maintaining various types of deposits.
 2. Providing loan facilities
 3. Selling and buying foreign exchange: Transaction of foreign currency
 4. Agency Services
 5. Leasing facility
 6. Issuing letters of credit
 7. Money transferring services

8. Credit and debit card operations
9. Telebanking facility
10. Internet banking

(v) (a). The possibility of facing some accident. This should be able to financially valued.
(2 marks)

(b) Consequential loss insurance cover avoids the termination of the business operations due to fire. Besides the damages for the properties it also covers the losing of profits due to those damages. (2 marks)

04. (i) (a) 1. Valued policy: The policy which covers the total value of a stock of product which is to be shipped as portions within a specific time period. When the shipments are started the amount that has been shipped should be informed to the insurer. Thus the goods in transit are deducted from the total value. (1 mark)

Floating Policy: The value of possible shipments in a given period of time is insured under this policy. The specialty of this policy is the maximum value of the insurance policy gradually decreases with the shipments. (1 mark)

(b) It is not enough to develop one element of transportation in order to develop the transportation. The other elements like mean, mode and termination also should be developed. The efficiency of transportation can be improved in that way. (2 marks)

(ii) (a) Transportation is an essential service. Even though it renders a great service like distributing on time, expanding market, facing competition, the society incurs a cost too. Road reconstruction, Environment pollution, road accidents are some social cost determiners. (2 marks)

- (b) 1. Ability to obtain business related information.
2. To disseminate information.
3. To promote products all over the world.
4. ability to use in e commerce activities
5. Ability get information of competitors suddenly.

(iii)(a) Bank Intermediaries, agency intermediaries

(b) Entraport trade : Importing products to the country and taking then into the country. then exporting them after processing or without processing.

Re- Export: Exporting of imported products by processing or not, without taking them into the country.
(2 marks)

(iv)	Local	International
1.	Within the country	1. Beyond the country
2.	Use local currency	2. Use local and foreign currency
3.	Foreign exchange policies Are not relevant.	3. Foreign exchange policies are relevant
4.	Custom duties are not charged	4. Custom duties are charged
5.	International corporation Is not developed	5. International corporation is developed

(2 Marks)

(v) (a) Lack of funds, Competition from large scale retailers, Bad debts, Difficulty in managing trade activities.

(b) NAFTA APTA
SAFTA IFTA

(2 Marks)

05. (i) (a) 1. To achieve organizational goals and objectives

2. To utilize organizational resources efficiently and effectively

3. To face dynamic environment successfully

4. To fulfill the objectives of business interested parties maximally.

5. To fulfill BSR

6. To ensure long term existence

7. To avoid complex situations faced by the firm

(2 marks for 6 matters)

- (b) Figure head: Interpersonal role
 Disseminator: Information role
 Entrepreneur: Decisional role

(1 mark for naming and 1 mark for description)

- (ii) (a) Identification of task, distributing work, Departmentalization, Allocating work & authority
 Formulating standards, Distributing resources, coordination. (2 Marks)

- (b) 1. Feedforward control

2. Concurrent Control

(1 mark for naming and 1 mark for describing one)

- (iii) Levels of Management

Director Board: Top level

HR Manager: } Middle level

Operation Manager: }

Supervisors/ Office managers: First line managers

HR is equally important for all levels of managers because they work with employees. Treating them humanly, understanding them, Motivating them etc. (1 mark for naming 3 marks for descriptions)

- (iv) Collecting and developing information regarding an existing product, process or production plans can be called as research and development.

- (b) 1. Ability to increase the quality of the product
 2. Ability to decrease the cost of production
 3. Increasing the efficiency of production
 4. Minimizing wastage

(2 Marks for 4 matters)

- (a) Proper functioning Suitability Durability Safety Following standards.
 Reliability

(2 Marks 4 matters)

- (b) 1. Material consumption

06. (i) (a) 1. Supporting production planning

2. Useful in pricing products

3. Ability to analyze the changes business income, cost, and price.

4. Ability to show the loss or profit at various stages

5. Ability to use as a controlling tool of cost, profit and capacity. (2marks for 4 matters)

- (b) 1. Material consumption 2. Re-order time 3. Re-order quantity (2 marks of 2 matters)

- (ii) Marketing is social process by which individuals and groups obtain what they need and want through creating, offering and freely exchanging products and services of value with other.

Pilip Kotler

Marketing is the process of planning and executing the conception, pricing, promotion and distribution of ideas, goods and services to create exchanges that satisfy individual and organizational goals.

American Marketing Association

Accordingly marketing means a social and managerial process that satisfies needs and wants of persons and institutions.

- (iii)(a) Product Price Place Promotion People Processes Physical Environment
 (4 marks)

(a) From Marketer's View	From Customer's view
Product	Consumer needs and wants
Price	Cost
Place	Convenience
Promotion	Communication (2 Marks)

(iv) (a) Target Market, Consumer needs and wants, Holistic marketing concept, Profits through consumer satisfaction

(b) Internal Marketing	Holistic Marketing	
Relationship Marketing	Societal Marketing	(2 Marks)

(v) (a) Stock turnover ratio = $\frac{\text{Cost of sales}}{\text{Average stock}}$

$$= \frac{\text{Rs. 200000}}{\frac{\text{Rs. 25000}}{8 \text{ turns}}} \quad (1 \text{ mark})$$

Debt Turnover Ratio = $\frac{\text{Sales on credit}}{\text{Average Stock}}$

$$= \frac{\text{Rs. 180000}}{\frac{\text{Rs. 20,000}}{9 \text{ turns}}} \quad (2 \text{ marks})$$

(a) A cash budget is a financial estimate which prepares in order to use in planning and decision making, prepared considering the future cash receipts and expences. (2 marks)

07. (i) (a) 1. Treasury bill market 2. Interbank call money market
3. Internal foreign exchange market 4. Commercial paper market (2 marks)
(b) 1. Share Market (2) Debenture market 3. Treasury bond market (2 marks)

- (ii) 1. SSSS 2. RTGS 3. SWIFT 4. LANKA settle
5. LANKA Secure 6. CDS 7. SLIPS (2 marks)

(iii) (a) A statement which describes the tasks, duties and service conditions.
The document which describes the qualifications and qualities of the person who fulfills the job. (2 marks)

- (b) Future human resource requirement
Estimating human resource supply
Comparing HR demand and supply
Developing strategies to obtain human resource
Evaluating Human Resource (2 Marks)

(iv) (a) Having employee motivation
Developing proper labor relations
Minimizing the cost of recruitment
Increasing consumer dedication (2 marks for 4 matters)

- (b) Ability to manipulate the answers of applicant
Unsuitability of jobs with qualifications
Having unnecessary fear in applicant
Partiality of interviewers
Unnecessary fear in applicant

High cost and time consumption

Pretending qualities that are not with the applicants

(2 marks for 4 matters)

(v) (a) Induction is introducing a newly enrolled employee to the organization, to his employment, to his colleagues, and the overall organization.

(2 marks for the explanation)

(b) The inter-relationship in between employee inputs and outputs is called employee productivity.

(1 mark)

Employee Productivity = $\frac{\text{Output}}{\text{No. of employees}}$

No. of employees

(1 mark)

08. Relevancy

Accuracy

Completeness

Confidence

Comprehension

Timeliness

Ability to present using various media

Safety

Flexibility

(2 marks for 8 matters)

(b) Hardware

Software

Data

Liveware

Procedure (2 marks)

(ii) The information system that provides information to the knowledge employees: Ex. Engineers, Researchers, Lawyers

(3 marks)

Knowledge Level

(1 mark)

(iii) (a) Collection, processing, storing, distribution of pictorial and verbal, information through computer and information technology.

(2 marks)

(b) A computer network which is established within a building or a workplace by connecting computers.

(2 marks)

A computer network which is built up connecting several towns or countries. (2 marks)

(iv) (a) 1. At the commencement of new businesses

2. In modernizing businesses

3. To acquire business

4. When re-establishing

(2 Marks)

(b) The estimated cost, Financial statements, statement of financial status should be included in a summarized form

(2 marks)

(v) (a) Chief management

Co-operation structure

Main positions of the organizations

Annual expenses on human resource

(2 marks)

(b) Deciding the required fund.

Making investment decisions

Ability to identify financial shortages

Controlling capital

(2 marks)